RNS Number : 0382D
Fusion Antibodies PLC
14 February 2024

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Fusion Antibodies plc
("**Fusion**" or the "**Company**")

Grant of options and issue of shares to directors

Fusion Antibodies plc (AIM: FAB), specialists in pre-clinical antibody discovery, engineering and supply for both therapeutic drug and diagnostic applications, announces, further to the announcement of the conditional placing to raise £1,375,000 (before expenses) (the **"Placing"**) released earlier today, the grant of new share options in the Company pursuant to the Fusion EMI and Unapproved Employee Share Option Scheme (**"Option Schemes"**) to staff and senior management and the issue of new ordinary shares of 4p each in the capital of the Company (**"Ordinary Shares"**) to certain directors in lieu of or in satisfaction of salary and fees due to them (**"Director Shares"**).

Grant of new share options under the Option Schemes

In order to incentivise and retain staff and senior management, the Company announces the grant of a total of 3,760,700 new share options over Ordinary Shares (the "**New Options**"; comprising the Conditional New Options and the Additional New Options, as defined below) to certain directors and employees of the Company as further detailed below.

730,700 existing share options with exercise prices ranging from 47.5p to 54.5p have been surrendered by certain directors and employees of the Company and, conditional on such surrender, an equivalent aggregate amount of 730,700 new share options over Ordinary Shares have been granted to those option holders on a 1:1 basis under the Option Schemes (the "**Conditional New Options**"). In addition, 3,030,000 further new share options over Ordinary Shares have also been granted to certain directors and employees of the Company under the Option Schemes (the "**Additional New Options**").

The Options have an exercise price of 4.25p ("**Exercise Price**"), being the closing mid-market price of an Ordinary Share on 13 February 2024, the day prior to the grant. All of the Options are subject to a three-year vesting period, with them vesting as to: one third on the first anniversary of grant ("**Tranche 1**"); one third on the second anniversary of grant ("**Tranche 2**"); and one third on the third anniversary of grant ("**Tranche 3**"). The Additional New Options, save for those issued to the non-executive directors of Fusion, shall also be subject to the following performance-based vesting criteria:

- for the Tranche 1 Additional New Options, the closing mid-market price of an Ordinary Share must have been equal to or above 5p for a period of 20 consecutive business days prior to the date of exercise;
- for the Tranche 2 Additional New Options, the closing mid-market price of an Ordinary Share must have been equal to or above 6.375p, being a 50% premium to the Exercise Price, for a period of 20 consecutive business days prior to the date of exercise; and
- for the Tranche 3 Additional New Options, the closing mid-market price of an Ordinary Share must have been equal to or above 8.50p, being a 100% premium to the Exercise Price, for a period of 20 consecutive business days prior to the date of exercise.

Director grants

A total of 2,330,000 Options have been awarded to directors of the Company, as follows:

Director	*No. of existing options surrendered*	*No. of Conditional New Options granted*	*No. of Additional New Options granted*	*Total New Options granted*	*Total no. of options over Ordinary Shares now held*
Adrian Kinkaid	300,000	300,000	600,000	900,000	900,000
Richard Buick	280,000	280,000	400,000	680,000	680,000
Simon Douglas	-	-	250,000	250,000	250,000
Colin Walsh	-	-	250,000	250,000	250,000
Matthew Baker	-	-	250,000	250,000	250,000

Following the grant of the Options and surrender of the existing options, the Company has options outstanding over a total of 3,799,450 Ordinary Shares, representing approximately 6.23% of the Company's share capital as enlarged by the issue of the Director Shares.

Issue of the Director Shares

As disclosed in the Company's annual report and accounts for the year ended 31 March 2023 (as announced on 29 September 2023), as part of the cost savings implemented following the Company's fundraise in May 2023, certain of the Company's executive directors (being Adrian Kinkaid, CEO and Richard Buick, CSO) agreed to certain changes in their remuneration structure (which included taking shares in lieu of cash remuneration) and, as a result, 20% of their salaries for the eight months commencing 1 July 2023 were deferred. In addition, the Company's non-executive directors agreed to forgo all remuneration that they were entitled to with effect from 1 May 2023.

The Company has resolved to issue and allot new Ordinary Shares to certain of the executive directors at a deemed issue price equal to the Issue Price representing 50% of the amounts of their deferred salary, with the balance (totalling £20,224) to be paid in cash conditional on completion of the Placing, as separately announced earlier today by the Company. In addition, due to their ongoing commitments to the Company, the remuneration committee has agreed to align the non-executive directors with these executive directors and pay them their forgone fees in part in new Ordinary Shares at a deemed issue price equal to the Issue Price, with the remainder of their foregone fees (totalling £31,250) being paid in cash conditional on completion of the Placing.

As a result of the above arrangements, in aggregate, 1,536,850 Director Shares have been issued and allotted to certain of the directors at a deemed issue price equal to the Issue Price and pursuant to the authorities previously granted at the Company's annual general meeting held on 27 October 2023, as follows:

Director	*Amount of salary/fees received in Director Shares*	*No. of Director Shares*	*Total holding of Ordinary Shares post issue*	*Percentage of enlarged share capital*[1]
Adrian Kinkaid	£12,017	300,425	546,272	0.90%
Richard Buick	£8,207	205,175	905,175	1.48%
Simon Douglas	£12,500	312,500	668,865[2]	1.10%
Colin Walsh	£22,500	562,500	2,562,500[3]	2.69%
Matthew Baker	£6,250	156,250	156,250	0.26%

[1] *Based on the enlarged share capital of the Company following the issue of the Director Shares but prior to the issue of the Placing Shares, as defined in the Company's separate announcement made earlier today.*

[2] *Excludes Ordinary Shares held by relatives of Simon Douglas.*

[3] *Includes 600,000 Ordinary Shares held by Walsh Strategic Management Limited, a company controlled by Colin Walsh and 1,400,000 Ordinary Shares held by Hamniv (GP) Limited, a subsidiary of Crescent Capital NI Limited ("Crescent Capital"). Colin Walsh is the Chief Executive and founder of Crescent Capital.*

Admission to trading on AIM

Application has been made to the London Stock Exchange plc for the Director Shares to be admitted to trading on AIM ("**Admission**"). It is anticipated that Admission will become effective and that dealings in the Director Shares will commence on AIM at 8.00 a.m. on or around 19 February 2024.

Total voting rights

On Admission, the Company will have 60,990,564 Ordinary Shares in issue, each with one voting right. There are no shares held in treasury. Therefore, the Company's total number of Ordinary Shares in issue and voting rights will be 60,990,564 and this figure may be used by Shareholders from Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Enquiries:

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Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them.

1	**Details of the person discharging managerial responsibilities / person closely associated**	
a)	Name	1. Adrian Kinkaid 2. Richard Buick 3. Simon Douglas 4. Colin Walsh 5. Matthew Baker
2	**Reason for the notification**	
a)	Position/status	1. Chief Executive Officer 2. Chief Scientific Officer 3. Non-Executive Chair 4. Non-Executive Director 5. Non-Executive Director
b)	Initial notification /Amendment	Initial notification
3	**Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor**	
a)	Name	Fusion Antibodies plc
b)	LEI	213800KBAYRC9VOQ9V39
4	**Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted**	
a)	Description of the financial instrument, type of instrument Identification code	Ordinary shares of 4p each ("Ordinary Shares") in Fusion Antibodies plc Identification code (ISIN) for Fusion Antibodies plc ordinary shares: GB00BDQZGK16
b)	Nature of the transaction	Issue of Ordinary Shares in lieu of salary
c)	Price(s) and volume(s)	Price(s): 1. 4p; 2. 4p Volume(s): 300,425; 205,175

		3. 4p 312,500 4. 4p 562,500 5. 4p 156,250
d)	Aggregated information: - Aggregated volume - Price	N/A
e)	Date of the transaction	14 February 2024
f)	Place of the transaction	Outside of a trading venue

1	**Details of the person discharging managerial responsibilities / person closely associated**	
a)	Name	1. Adrian Kinkaid 2. Richard Buick 3. Simon Douglas 4. Colin Walsh 5. Matthew Baker
2	**Reason for the notification**	
a)	Position/status	1. Chief Executive Officer 2. Chief Scientific Officer 3. Non-Executive Chair 4. Non-Executive Director 5. Non-Executive Director
b)	Initial notification /Amendment	Initial notification
3	**Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor**	
a)	Name	Fusion Antibodies plc
b)	LEI	213800KBAYRC9VOQ9V39
4	**Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted**	
a)	Description of the financial instrument, type of instrument Identification code	Ordinary shares of 4p each ("Ordinary Shares") in Fusion Antibodies plc Identification code (ISIN) for Fusion Antibodies plc ordinary shares: GB00BDQZGK16
b)	Nature of the transaction	Grant of options over Ordinary Shares
c)	Price(s) and volume(s)	Exercise Price(s) / Volume(s) 1. 4.25p 900,000 2. 4.25p 680,000 3. 4.25p 250,000 4. 4.25p 250,000 5. 4.25p 250,000
d)	Aggregated information: - Aggregated volume - Price	N/A
e)	Date of the transaction	14 February 2024
f)	Place of the transaction	Outside of a trading venue

About Fusion Antibodies plc

Fusion is a Belfast based contract research organisation ("**CRO**") providing a range of antibody engineering services for the development of antibodies for both therapeutic drug and diagnostic applications.

The Company's ordinary shares were admitted to trading on AIM on 18 December 2017. Fusion provides a broad range of services in antibody generation, development, production, characterisation and optimisation. These services include antigen expression, antibody production, purification and sequencing, antibody humanisation using Fusion's proprietary CDRx ^{TM} platform and the production of antibody generating stable cell lines to provide material for use in clinical trials. Since 2012, the Company has successfully sequenced and expressed over 250 antibodies and successfully completed over 200 humanisation projects and has an international, blue-chip client base, which has included eight of the top 10 global pharmaceutical companies by revenue.

The Company was established in 2001 as a spin out from Queen's University Belfast. The Company's mission is to enable pharmaceutical and diagnostic companies to develop innovative products in a timely and cost-effective manner for the benefit of the global healthcare industry. Fusion provides a broad range of services in antibody generation, development, production, characterisation and optimisation.

Fusion's growth strategy is based on combining the latest technological advances with cutting edge science to deliver new platforms that will enable Pharma and Biotech companies get to the clinic faster, with the optimal drug candidate and ultimately speed up the drug development process.

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